



# PSC NEWS

## Missouri Public Service Commission

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**FOR IMMEDIATE RELEASE**

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### **PSC APPROVES SALE OF AQUILA NATURAL GAS SYSTEM**

JEFFERSON CITY--The Missouri Public Service Commission has approved an agreement authorizing the sale and transfer of Aquila, Inc.'s (d/b/a Aquila Networks-MPS and Aquila Networks-L&P) natural gas system to The Empire District Gas Company (EDG). EDG is a newly formed, wholly owned subsidiary of The Empire District Electric Company (Empire).

The agreement contains a rate moratorium freezing non-gas rates for three years and a number of other conditions including:

- Aquila will develop its traditional hedging plan for the winter of 2006-2007 with the collaboration of EDG. This could involve use of different types of physical and financial gas purchasing arrangements structured to reduce the uncertainty/volatility of consumer natural gas rates.
- Aquila will transfer for the benefit of Missouri customers all physical hedges (e.g. fixed priced gas supply contracts) still in place for their Missouri gas operations to EDG at closing.
- EDG will submit a gas supply plan which will include:
  - ✓ Gas supply plans for normal, cold and warm weather;
  - ✓ Hedging plans including purchasing strategies and internal control policies;
  - ✓ Peak day demand studies for each natural gas service area; and
  - ✓ Storage plans for each of its natural gas service areas.
- Empire will continue to follow all of the Commission's pipeline safety regulations including 24-7 response to emergency, leak and odor calls.
- Empire will track and routinely report call center metrics regarding customer quality of service to the PSC Staff and the Office of the Public Counsel.

In addition, **EDG will not file a rate increase request for non-gas costs for three years following the date of closing.** Non-gas costs are costs, other than the actual cost of the natural gas, incurred by the company to provide service to its customers (such as pipes, service lines, meters and a return on investment).

Empire and Aquila, Inc. state the transaction will not have any detrimental effect on either Empire's or Aquila's Missouri utility customers.

The agreement was submitted by the Office of the Public Counsel, the PSC Staff, Aquila, Inc., The Empire District Electric Company, The Empire District Gas Company, Crane Plumbing, LLC, Cornerstone Energy, Inc. and Pittsburgh-Corning Corporation. The Office of the Public Counsel is a separate state agency which represents the general public in matters before the Public Service Commission.

Aquila, Inc. provides natural gas service to approximately 48,500 customers in Missouri.